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## Western Europe Review

14 February 1979

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WESTERN EUROPE REVIEW

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14 February 1979

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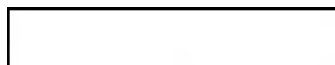
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CSCE: The Valletta Meeting Opens



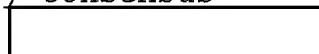
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The Conference on Mediterranean Cooperation, the last of three experts' meetings authorized by the Belgrade review session of the Conference on Security and Cooperation in Europe (CSCE), officially opened on 13 February in Valletta, Malta. On 12 February, the 35 participating states held an informal meeting to determine the role in the conference of eight so-called nonparticipating Mediterranean states (Algeria, Egypt, Israel, Lebanon, Libya, Morocco, Syria, Tunisia). The Belgrade final document authorized contributions to the Valletta meeting from these countries, but CSCE states agree that full participation is out. Many of the 35 are worried that the countries in question, as well as Malta itself, might use the technical Valletta forum to raise Mediterranean security issues, which the CSCE states agree should be discussed at the Madrid review session next year.

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The 12 February session resulted from the failure of the Valletta conference's former Executive Secretary Naudi (who resigned on 2 February because of health problems, administrative squabbles with Prime Minister Mintoff, and perhaps dissatisfaction with constraints on his authority) to obtain agreement for a special meeting in Geneva to settle the nonparticipant issue. The EC Nine and the United States used the session to make clear their intention to block any attempt to discriminate against Israel by separating it from the others in committee or plenary session. In addition, the 35 states established procedures for the nonparticipants to address plenary sessions and contribute to committee work. In accordance with CSCE rules, the nonparticipants will not be able to take part either in plenary consensus building or in committee decisionmaking.



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A sticky procedural question could arise if any participant urges that the PLO be invited. The United States and the EC Nine are opposed to the idea, but the

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United States will not oppose the inclusion of PLO representatives in other delegations and the Europeans do not want the conference to hurt Euro-Arab relations. While Romania and Poland reportedly favor PLO participation, the Soviet Union is wary of opening the meeting to the kind of polemics which, in its view, marred the Belgrade Conference. The Maltese have thus far not indicated that they intend to invite the PLO. [REDACTED]

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Even if the 35 do not mention the PLO, a nonparticipant could bring the problem up in the plenary session. Should Algeria\* or Syria mention the PLO, other Arab and socialist states may feel compelled to support them. [REDACTED]

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The nonparticipants themselves have mixed feelings about this meeting. Libya, and perhaps Algeria and Syria, will not attend because Israel will. If Syria comes, it has promised not to inject politics into this technical forum but has stressed its right to defend political positions should Israel or Egypt attack them. Egypt has decided that, while the Valletta meeting may be a good idea, confusion over the role of the nonparticipants and the likelihood that nothing concrete will result from the meeting warrant only a passive role for their delegation. Cairo may submit a proposal--already made within the UN Development Program--to establish in Egypt a Mediterranean research institute designed to study renewable energy resources. Egypt has not indicated whether Israel would be invited to participate. [REDACTED]

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The Israelis regard the Valletta conference as a political minefield and wish to avoid exaggerating its significance. Needless to say, they oppose PLO participation and worry that the Arabs might use the meeting as another forum from which to attack Israel. The attendance of United Nations Education, Scientific and Cultural Organization (UNESCO) could lead to mention of that organization's anti-Israel resolutions. Complicating the Arab-Israeli scenario are reports that the terrorist "Carlos" may be in Malta. [REDACTED]

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\*The Valletta meeting could be the first international appearance of the Chadli regime, if it sends a delegation.

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The role of the conference's unpredictable host concerns participants and nonparticipants alike. Prime Minister Mintoff had originally hoped to create permanent economic, scientific, and cultural institutions located in Malta as a link in the Euro-Arab dialogue and as a way of emphasizing Malta's importance. Despite the fact that Mintoff will not open the CSCE meeting, some delegations are still concerned that he will use the conference as an outlet for his personal concerns or as an arena for continuing the North-South dialogue. Israel and Egypt both worry that Maltese maneuvering could distract the conference from useful work. In opposing Maltese proposals, Egypt stresses that Malta is not representative of the Mediterranean in general. Israel feels that any regional institutions on Malta would become another anti-Zionist forum bankrolled by Libya. Tel Aviv reacted sharply to a report that the United States supports the creation of a so-called Mediterranean forum when the CSCE meeting is over. [REDACTED]

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Mintoff's position on the issue of the nonparticipating states is a major reason it has been difficult to resolve. He originally wanted the states to be full participants, and had also invited representatives from Persian Gulf states as observers. Mintoff continued to raise nonparticipant expectations even after it was clear that no other CSCE state supported the idea. [REDACTED]

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[REDACTED]

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Mintoff may also bring up security problems resulting from the impending withdrawal of British troops from the island. Malta is strategically located and possesses storage and tending facilities sought by, among others, the Soviet Mediterranean fleet. Mintoff may wish to use the conference to discuss Malta's security problems pending British withdrawal on 31 March. [REDACTED]

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Confusion also exists regarding the agenda. Naudi's resignation was an example of difficulties in organizing conference work. Malta has withdrawn most of the working papers it intended to submit, leading some NATO members to doubt that they ever existed. Since the United States

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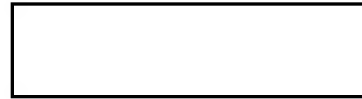
has also withdrawn some of its papers, the type and quantity of substantive presentations is unclear. The EC Nine have drawn up a list of subjects. (Renewable Energy, Energy Conservation, Transport, Statistics, Environments, Man's Eco-Systems, Climatology, Seismology, Veterinary Medicine, Tourism, Health, Education, Archaeology, Mediterranean-Euronet Connection, Arid Zone and Desertification Study at existing institutions, Telecommunications, Youth and Sport Exchanges, and Comparative Mediterranean Literature), but in most cases no papers or other preparatory materials on these topics have been mentioned. The Soviets, while taking the Valletta meeting lightly, may raise the current deadlock over transboundary pollution in order to press its idea for a meeting on the environment. In addition, they may introduce a plan for US-Soviet withdrawal of nuclear submarines from the Mediterranean.

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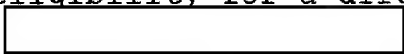
Italy: The Italian Communist Party's Relations with  
the Soviet Union--Maintaining a Delicate Balance

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The relationship between the Italian Communists and Moscow--always a difficult and controversial problem for the parties involved and for outside observers--has been subjected to new and conflicting strains in recent months. Neither the Italians nor the Soviets have any interest in letting the strains grow to the point of an open break, but the public and private exchanges between them permit some speculation about the intricacies of the relationship. 

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Background

The Italian and Soviet Communist Parties have a common ideological heritage (although the Italians give more weight than the Soviets to Italian authorities such as Gramsci and Togliatti), a similar outlook on many domestic and foreign issues, and a network of personal and institutional links extending over decades. But the Italians seem genuinely convinced that the Soviet model is not really applicable to the Italian situation and their pronouncements on some foreign policy issues (the desirability of military blocs, for instance) cause little joy in Moscow. The Soviet party is disturbed by the Italian Communist approach to domestic Italian politics; some Soviets clearly fear that the Italian party is on the slippery slope toward social democracy. In addition, it makes good sense in domestic political terms for the Italian party to tout its independence of the Soviets; such independence is a key factor for many Italians in their estimate of the party's eligibility for a direct role in governing the country. 

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Neither party, however, believes that open polemics--much less a complete break--are in its interest. The Soviets see no advantage in a schism with the largest and most influential Communist party in Western Europe, and the Italian Communists are loathe to take the sort

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of step that would entail a break with so much of their own past. Moreover, because there remains a good deal of sympathy for the Soviet party among the Italian party's rank and file, inertia would argue for minimizing differences even if nothing else did. Each side therefore treads very lightly and tactfully in its dealings with the other, and private differences are muted in public. The delicately balanced relationship has been facilitated by the climate of detente--declining international tensions during the past several years have helped the Italian Communists avoid definitive positions on controversial issues. [REDACTED]

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### Potential Difficulties

In the past several months, new pressures on the relationship have appeared, some tending to drive the parties closer together and others pushing them apart. Last summer the Italian party came under harsh attack from Socialist leader Bettino Craxi, who challenged the Communists to prove their commitment to Western democratic values by dissociating themselves from Leninist ideology. The Italian Communist leaders were reluctant to risk an ideological confrontation with the Soviets over the issue--especially in connection with the Italian party's congress scheduled for March. Nonetheless, although in the 15 draft theses that will form the basis of the congress debate walk a tightrope between innovation and orthodoxy, the overall impression is one of continued evolution away from orthodoxy on touchy issues such as democratic centralism. [REDACTED]

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[REDACTED]

Italian Communist leaders are concerned that a confrontation with the Soviets over the ideological issues could aggravate the tensions between the Italian party leaders and its rank-and-file supporters, where

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there already is widespread dissatisfaction over the leadership's stance on domestic issues and over the party's participation in the parliamentary majority supporting the Andreotti government. The leadership's recent decision to withdraw its backing for the government and return to some form of an opposition role is, in part, an effort to quell this internal dissension--and perhaps as a byproduct to dampen the effects of any ideological controversy triggered by the congress theses. [REDACTED]

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### International Problems

The Italian party's relations with Moscow may be complicated further by international issues. Italian Communist leaders apparently fear that growing difficulties between the superpowers--combined with pro-Soviet views among party rank and file--may make it more difficult to avoid more open support for Moscow. This poses an obvious dilemma: closer alignment with Moscow could weaken the party's support among moderate Italian voters and retard its progress toward the "historic compromise"--cooperation between the Communist and the other Italian parties in government. Such fears may account for the Italian Communists' apparent reluctance to act hastily on their decision to withdraw parliamentary support from Andreotti. The rationale might be that the electorate could interpret a tougher domestic line as proof of the party's Soviet ties. [REDACTED]

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The party seems to have tried to resolve some of these pressures in relatively low-cost ways. After a period of apparently agonizing equivocation, the Italian Communists were pressured by the other Italian parties to take a firm stand on the Vietnamese invasion of Kampuchea--a difficult ideological problem. While attributing the war between two Communist regimes to the Kampuchean Government's "aberrations," the Italians clearly came out in support of Hanoi and by association its Soviet allies. In addition, the Italian party condemned the imperialist camp--that is, the United States--and the Chinese as the true threats to world peace. The Italian Communists almost certainly would have preferred to take no position on the invasion, and their ultimate decision probably was based in part on their traditional support for Vietnam stemming from the war involving the

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United States. It seems likely, however, that the party was also trying to burnish its reputation with the Soviets on a fairly remote topic, at a moment when the Italians knew the Soviets were unhappy with them on issues closer to home. [REDACTED]

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The Italian party's position on Kampuchea--especially the attack on China--seems at variance with the Italian Communists' interest in establishing relations with their Chinese counterparts. But Beijing's ultimate assessment of the Italian party's independence will be based on more than ideological grounds. The key issues are Beijing's estimate of the conflicting currents within the Italian party and of the distance of the Italian Communists from Moscow. [REDACTED]

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An important test, in the Chinese view, may be the Italian party's stance on the question of possible Italian arms sales to China. This issue--now a cause celebre following two letters from Soviet President Brezhnev urging the Italian Government not to sell arms to China--should be an accurate indicator of the Italian Communists' ability to balance its links with the Soviets against the party's dialogue with China. [REDACTED]

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### Outlook

Despite the contradictory pressures--both within and outside the party--to alter their relationship with the Soviets, the Italian Communists remain flexible and resourceful enough to maintain a delicate balance. The Italian party should be able to keep the various pressures within manageable limits, minimize any potential effects on its other policies and actions, and maintain the necessary equilibrium in its ties with Moscow. [REDACTED]

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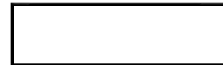
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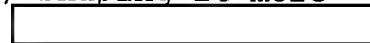
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Portugal: Communist Isolation and Prospects



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In the wake of the recent inaugural congress of the General Workers Union (UGT), the Portuguese Communist Party appears more politically isolated than it has been since it stood on the brink of power in late 1975. Many mainstream politicians--including Prime Minister Mota Pinto--herald this trend as a sign of incipient Communist weakness. In fact, however, the Communists are showing increased vigor at the grass-roots level and may be in a position to enhance their image as defenders of the left by exploiting worker discontent with recent government policies. There are also signs that the party has successfully altered its strategy, shaping it more to the current Portuguese situation.



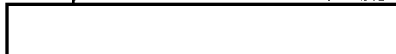
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Portugal's new non-Communist labor confederation\* was greeted as a major step toward extricating organized labor from a Communist hammerlock, thus reducing that party's ability to thwart government recovery efforts through disruptive labor tactics. At the same time, however, the Socialist alliance with the more conservative Social Democrats and Center Democrats to create a viable labor alternative has given the Communists considerable ground for maneuver.



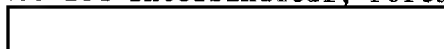
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Not only does the new federation blur the left-right political distinctions that differentiate the Socialists from their labor allies, it highlights the Communists' position as the only major party in full opposition to the Mota Pinto regime. These enhanced opposition credentials could prove especially beneficial to the Communists as Mota Pinto pushes plans that would hold wage increases to 18 percent, tax away 50 percent of workers' Christmas bonuses, revamp labor laws, and promote denationalizations, which unions allege will increase unemployment.



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\*The UGT was formed on 27 January 1979, primarily out of Socialist and Social Democratic labor currents in white collar sectors. Its founding marks the end of the unitary labor movement dominated by Communist-led Intersindical, Portugal's largest labor confederation.



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Only by taking a strong political stand against the government could the Socialists hope to counter the Communist advantage. Socialist opposition could, however, easily cause the government to fall, perhaps forcing an early election, which the party would prefer to avoid. Worse, it could alienate middle class Socialist supporters who believe Communist-led labor has achieved too many concessions since the revolution and who approve of Mota Pinto's hard-line stance. [REDACTED]

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The Socialists' dilemma is, in part, a result of the failure of a generalized effort to isolate and break the Communists' strength. Since Mota Pinto took office two months ago, the Communists have suffered a succession of blows to some of their principal political resources. Besides losing their labor monopoly, the party has lost state financial support for many of its media interests. The Communists are also confronted with aggressive land devolution policies which challenge their control over agriculture and farm labor in their southern rural strongholds. Labeling them an "undemocratic force," government leaders have frozen them out of consultations, and the other major parties have publicly denounced the possibility of any alliance or cooperation with them. Beyond this, the Constitution, which enshrines leftist goals of collectivization and worker supremacy, has been marked for a major revision in 1980. [REDACTED]

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[REDACTED]

The Communists in fact have many sources of strength that are likely to remain untouched by the Mota Pinto - led offensive. First is the party's deep implantation in two important sectors of society: industry and farm labor. Second is the ideological space afforded by Portuguese history for a party of a strong opposition

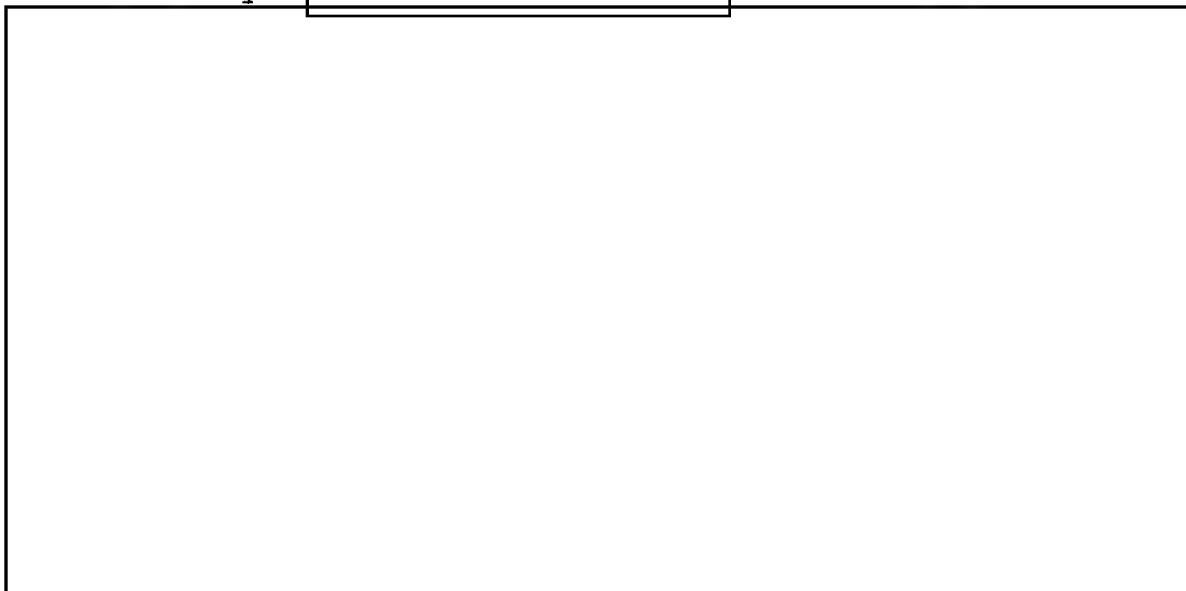
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25X1 and leftist stamp. Third is the party's superior grass-roots organization and the militancy of its members, who now account for the largest organized political base in the country. [REDACTED]



25X1 Most notably they no longer appear to believe that continued instability and prolonged crises will create an immediate opportunity for them to seize power. Despite their current opposition to Mota Pinto and their continued unwillingness to back any center-right rule, they generally favor increased government stability and the continuance of a democratic system that emphasizes the role of parties. This change in strategy, though gradual, has been quite dramatic: a shift from opportunism aimed at quickly acquiring a monopoly of power to competition geared toward its more gradual accumulation. After years as the odd-man-out among Portuguese parties, the Communist Party may be on the verge of finally fitting in. [REDACTED]

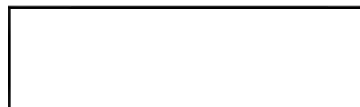
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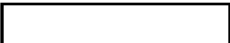
French Labor: The Tinder is Still Damp, But. . . . 

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France currently suffers from serious economic problems that, because of French Labor's unexpected role in the 1968 upheaval, have raised in some quarters the specter of large-scale labor unrest. Two principal factors argue that the country will be able to avoid, at least in the short run, a national labor crisis with political overtones: the fundamental differences that divide two of the largest labor confederations, and the government's willingness to work at ameliorating the worst symptoms of the economic malaise. It remains true, however, that there is still a considerable amount of tinder lying around the field of labor-industry-government relations; and, although it is still damp, it is not so damp that a spark in the right place could not set off a fire. 

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Psychological Barrier Broken

There are a few bright spots in the French economy: foreign trade and current account surpluses in 1978, for example, and a strong franc relative to the dollar. But in the most politically sensitive areas, inflation and unemployment, the record is dismal. Inflation persists at almost a double-digit level; unemployment has for more than two years remained at or above 1 million--a level that for years political pundits thought the public would not stand for--and threatens to reach half again that much by year's end. Moreover, in the context of Prime Minister Barre's economic austerity program, the government persists in its efforts to rationalize the economy as a whole. Although the "new economic liberalism" has laudable longer term goals of reducing government subsidies to inefficient firms and increasing industrial freedom and competitiveness, these policies threaten severe dislocations in the labor market. 

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Number One and Number Three at Odds

Even though unemployment remains at a level that is a post-war record, and even though layoffs and plant

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closings continue, the two labor organizations that have in the past figured most prominently in national level job actions with high political content had not, until last month, pooled their resources since the parliamentary elections last March. Strike activity had been limited essentially to the local and regional levels.

This state of affairs was not at all to the liking of the larger of the two, the Communist-led General Labor Confederation (CGT). The Communist leadership of France's largest labor group would dearly love to be causing political problems for the government; and politically oriented unity of action with the other labor confederations remained one of the CGT's chief goals. To this end it conducted a campaign of blandishments and arm twisting directed primarily at the Socialist-oriented Democratic Confederation (CFDT), France's third largest labor organization.

The leaders of the CFDT had until recently turned a deaf ear. Angry with the Communist Party and hence with the CGT for sabotaging the left's electoral chances last March and alarmed by their own organization's drop in membership to third place behind the anti-Communist Workers' Force (FO), they worked to steer their membership away from political issues. They abandoned their policy of joining the CGT in ritualistic 24-hour national strikes aimed at nothing but a show of strength, and indeed for nearly a year they had nothing much to do with the General Confederation at all. Instead they went back to basics, emphasizing the CFDT's traditional call for worker self-management and striking locally on bread-and-butter issues.

In late January, while still not yielding to the CGT's pressures for joint politically oriented action, the CFDT did bend to the extent of announcing that the two bodies would join during February in a series of strikes aimed at improving social security benefits, raising the minimum wage, and shortening the work week. This shift probably stemmed partly from a desire to mollify those in the confederation who opposed snubbing the CGT so completely, and partly from the fear of being out-distanced by other labor organizations in coping with

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25X1 the increasingly troubled steel sector. As if to underscore their continuing opposition to mixing politics and labor, CFDT leaders issued a blast at the "germano-phobe" flavor of the CGT's European policies at the same time as they announced the limited accord on labor-oriented issues. [REDACTED]

In one of their joint efforts, the CGT and CFDT will unite with three other labor groups in a national strike against the steel industry on 16 February. The strike will protest the projected loss of 21,750 steel-working jobs this year (14,000 in Lorraine) as the government moves to close outdated or superfluous factories. If all goes as planned, it would be the first successful nationwide strike since early last spring. The CGT may hope that unity of action will carry over into some broader political context, but the CFDT apparently sees the strike in strictly limited terms. [REDACTED]

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#### Troubled Steel Industry

If labor troubles are to have a political impact, in fact, the steel sector is a likely starting point. The industry is afflicted by low productivity, falling demand, and excess capacity. Matters have been complicated by the outbreak of violence and evidence of general unrest in Lorraine--the region slated to absorb most of the layoffs, particularly in the town of Longwy where the mood is surly and unpredictable. Some of this mood seems to be a spontaneous reaction to the threatened loss of livelihood in a region already in economic decline. There have been, however, sensationalist press and media coverage as well as propagandizing by the Communist Party, the CGT, and the Gaullists. [REDACTED]

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There are widely held fears that Paris may have attempted more than it can handle in its revamping of the steel industry, and that things could get out of hand in Lorraine or elsewhere if the government does not back off a bit from its plans to rationalize French industry. So far, there has been no reversal of the decision to cut the labor force. But the government is not insensitive to the problems being caused by its industrial restructuring measures. It has, for example, announced general plans to create 11,000 jobs in the regions most directly affected by the steel cutbacks. Labor Minister

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Boulin has also worked out with union representatives plans to reduce the retirement age from 65 to 55 for the steel industry in Lorraine, and efforts are afoot to use public service jobs to keep in place a good portion of the steelworkers to be laid off in Longwy, at least until a potential new employer looking at the area decides whether to move there. Already existing and generous unemployment benefits will also ease conditions somewhat.

[REDACTED]

The steelworkers clearly regard these measures as nothing more than palliatives; the clash near Paris between police and demonstrators from Lorraine on 9 February indicates the depth of their feelings. So far, however, the sort of groundswell of discontent that might cause problems for the government is not in evidence. Thus, it seems a good bet that the palliatives, coupled with the basically pragmatic mood of the labor movement (even the CGT is wondering whether its rhetoric is responsible for its declining membership) and the disparities in outlook between the CGT and the CFDT, will keep the situation from getting out of hand.

There will undoubtedly be more rugged times in steel and other sectors, however, as the labor force adjusts to the new industrial realities envisioned by the Barre Plan; and the CGT will probably keep up the pressure on other labor organizations for joint political action. Not even labor leaders themselves, moreover, can be entirely sure about the mood of the rank and file. Thus the labor situation will remain fluid, and the possibility of a "hot spring" cannot be entirely ruled out.

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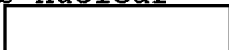
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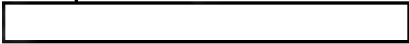


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Switzerland: Nuclear Power Referendum

Swiss voters next week are generally expected to defeat a referendum aimed at ending the development of nuclear power in Switzerland. In an effort to undercut much of the appeal of anti-nuclear groups, federal authorities have moved to update Swiss energy laws and licensing procedures. The government has also gone to great lengths to assuage the electorate's concern about the safety of reactor operations. Nevertheless, the strong undercurrent of antinuclear sentiment in Swiss politics seems likely to result in a close vote. If there is an unusually low voter turnout and the referendum proposals are eventually enacted, the Swiss nuclear energy industry would be dealt a severe blow. 

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The referendum, the result of a three-year campaign by major Swiss antinuclear groups, would replace the current licensing system for new nuclear plants--now the prerogative of the federal Department of Transportation, Communication, and Energy--with a "concessionary" procedure subject to approval by the Swiss Parliament. The concessions would be subject to vote by referendum in communities surrounding proposed sites and all cantons within 30 kilometers. The concessions also would link waste fuel disposal with site approval by mandating the adoption of strict regulations for operations and plans for waste disposal before the concession would be granted. 

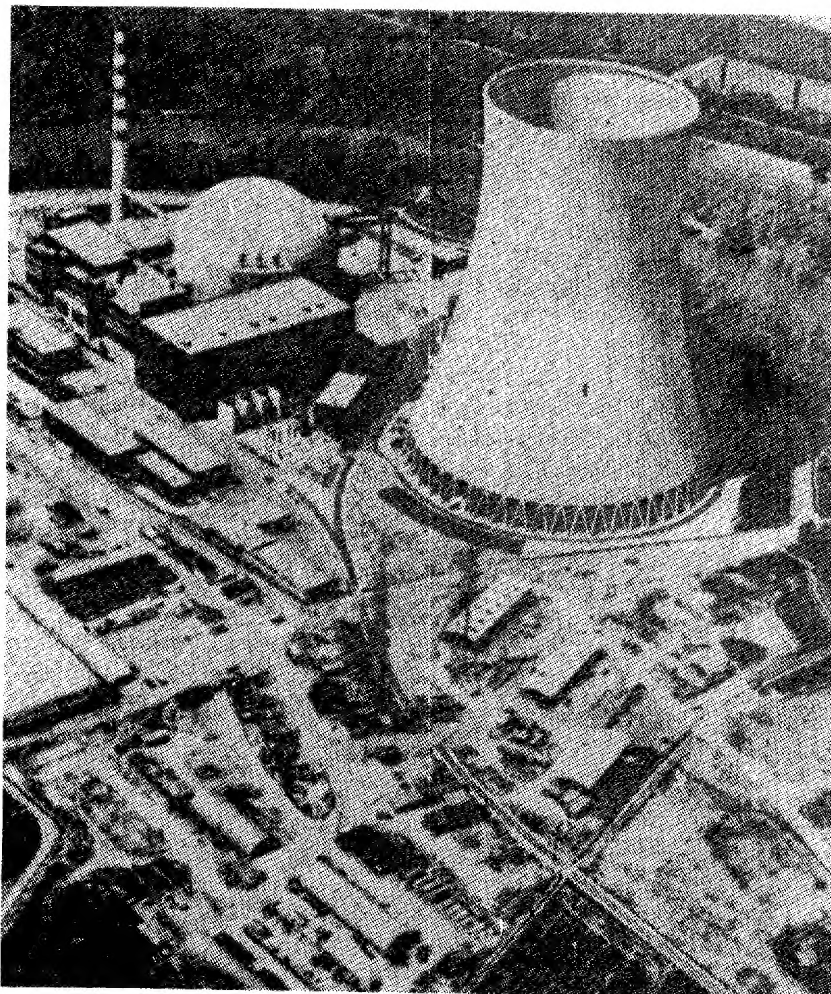
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Divisive Issue

Nuclear energy is one of the most divisive issues to hit the Swiss political scene in years. The Swiss Parliament last year rejected a legislative initiative calling for a four-year moratorium on site and construction permits for nuclear plants. The Social Democratic Party, one of three major parties in Parliament, and the small independent Landesring Party support the current initiative, along with elements of religious groups and the union movement. Federal energy chief Ritschard, a

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The new 920 MW nuclear plant at Goesgen. About 17 percent of Switzerland's electricity is generated by three nuclear power reactors, which is approximately 8 percent of total Swiss energy needs. The proportion of nuclear generated electricity will rise to more than 30 percent as soon as the Goesgen plant starts full operations in a few months. [REDACTED]

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<sup>1</sup>Photo taken from Financial Times, 1 February 1979.

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prominent Social Democrat, is against the referendum, however, as are the other large parties in the government--the Christian Democrats and Liberal Democrats. Union leadership is so divided, in fact, that no recommendation was made to the rank-and-file. [REDACTED]

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Federal authorities--clearly with the antinuclear result of the Austrian referendum last November still fresh in their minds--have moved decisively to update Swiss energy laws. The Parliament last fall adopted an amendment that would provide for federal council review and decision on applications for licenses to construct and operate nuclear power stations. Under this arrangement Parliament would have veto power over new licenses.

25X1

In December, the government released a proposed national energy policy that calls for a constitutional amendment giving the government new tools to encourage conservation and develop new energy sources. Parliament is expected to debate the new energy policy in 1981. Last month the federal council announced a draft law on insurance for nuclear power stations that would guarantee coverage up to 1 billion Swiss francs for all damages in excess of current civil liability insurance limits and up to 1 billion Swiss francs for all damages for which no apportionment of blame could be made or in case of insurer insolvability. [REDACTED]

25X1

The government also has conducted an intensive public relations campaign to influence Swiss voters. Government nuclear security and power company experts recently took part in a televised town hall meeting staged in part from inside the reactor room of the newest nuclear plant. Press reports indicated that the meeting was highly successful in building public confidence in reactor safety. [REDACTED]

25X1

### Outlook

The outcome of the referendum will probably be close, but both government and private observers are cautiously optimistic the initiative will be defeated. The specter of other Irans, in a country that imports more than 80 percent of its energy requirements, has not been lost on the Swiss. In addition, supporters of the

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referendum, though well-organized and persuasive, have lost ground lately because of their increasingly emotional and strident appeals. [REDACTED]

25X1

The opposition is also well organized and has been working hard on behalf of the utility companies and the nuclear engineering industry, which have much at stake in the vote. One government official has warned of the end of nuclear generated power in 10 years if the referendum proposals are adopted. Moreover, an effective closure of the domestic market for nuclear reactors would also severely restrain Swiss ability to sell components and expertise abroad. [REDACTED]

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